

Message Text

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PASS AGRICULTURE FOR ANDERSON, DL&P-FCA/FAS

E.O. 11652: N/A

TAGS: EARG, CA

SUBJ: CANADA ANNOUNCES 1976-77 DAIRY POLICY

1. AGRICULTURE MINISTER EUGENE WHELAN ANNOUNCED APRIL 13 THE 1976-77 DAIRY POLICY WHICH IS EFFECTIVE IMMEDIATELY. THE TARGET PRODUCER RETURN LEVEL FOR INDUSTRIAL MILK HAS BEEN RAISED FROM \$11.02 TO \$11.45 PER CWT.
2. RETROACTIVE TO APRIL 1 THE DIRECT FEDERAL SUBSIDY PAID TO INDUSTRIAL MILK AND CREAM PRODUCERS WILL BE \$2.66 PER CWT., UNCHANGED FROM LAST YEAR. TO REACH THIS TARGET THE SUPPORT PRICE FOR BUTTER HAS BEEN INCREASED FIVE CENTS TO \$1.08 PER POUND AND NFDN FOUR CENTS TO 68 CENTS PER POUND.
3. MR. WHELAN SAYS THAT THE INDUSTRY HAS NO CHOICE BUT TO BRING DOWN PRODUCTION IN THE 1976-77 DAIRY YEAR. THE CANADIAN MILK SUPPLY MANAGEMENT COMMITTEE HAS ESTIMATED THE DOMESTIC INDUSTRIAL MILK MARKET REQUIREMENT AT 95 MILLION CWT. THIS IS THE MAXIMUM VOLUME ELIGIBLE FOR THE DIRECT SUBSIDY OF \$2.66 PER CWT. PAYMENTS TO EACH PRODUCER DURING THE YEAR WILL BE MADE ON UP TO 94.5 PER CENT OF HIS DELIVERIES WITHIN MARKET SHARE QUOTA (MSQ). A FINAL ADJUSTMENT WILL BE MADE AT THE END OF THE YEAR.

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4. THE TOTAL MSQ HAS BEEN SET AT 100.5 MILLION CWT. WHICH PROVINCIAL MARKETING BOARDS WILL ALLOCATE AMONG PRODUCERS. THIS IS EXPECTED TO RESULT IN ACTUAL PRODUCTION OF 95 MILLION CWT. PRODUCERS WILL HAVE TO PAY A LEVY OF \$860 PER CWT. FOR PRODUCTION OVER THEIR SHARE OF THE 95 MILLION CWT. ACTUAL DELIVERIES OF INDUSTRIAL MILK IN 1875-76 WERE ABOUT 111 MILLION CWT.

5. A SPECIAL LEVY OF \$8.60 PER CWT. COLLECTED ON IN-QUOTA DELIVERIES ABOVE 95 MILLION CWT. BUT WITHIN THE 100.5 MILLION CWT. TOTAL MSQ WILL BE REFUNDED AT THE END OF THE DAIRY YEAR PROVIDED IN-QUOTA PRODUCTION DOES NOT EXCEED 95 MILLION CWT.

6. THE LEVY CHARGED AGAINST DELIVERIES OF INDUSTRIAL MILK TO DEFRAID THE COST OF SALES OF SURPLUS NFDM OF 65 CENTS PER CWT. HAS BEEN INCREASED TO \$1.35 PER CWT. THIS WILL BE LEVIED AGAINST ALL SHIPMENTS WITHIN MSQ.

7. THE TOTAL GOVERNMENT CONTRIBUTION WILL BE \$252.7 MILLION FOR 95 MILLION X \$2.66 PLUS \$24 MILLION FOR MARKETING COSTS MAKING A TOTAL OF \$276.6 MILLION OR ABOUT \$15 MILLION MORE THAN MR. WHELAN SAID THE GOC WOULD CONTRIBUTE AS RECENTLY AS APRIL 1. NEGOTIATIONS WITHIN THE FEDERAL CABINET FOLLOWING INTENSE BARGAINING BY PARTICULARLY THE QUEBEC INDUSTRIAL MILK PRODUCERS APPARENTLY LED TO THIS INCREASE.
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